

Maryland Film Production Tax Credit Reserve Fund

ANNUAL REPORT

Pursuant to Tax General Article §10-730

Submitted by:

Maryland Department of Commerce

August 2020

Maryland Film Production Tax Credit Report on Requests for Funding

OVERVIEW

Ch. 486, Acts of 2015 requires the Maryland Department of Commerce (Commerce), to report on:

- The amount of tax credits necessary to maintain the current level of film production activity in the State; and
- The amount of tax credits necessary to attract new film production activity to the State.

It should be noted, however, that Ch. 595, Acts of 2018 repealed the Reserve Fund previously associated with this program, and it is now a non-budgeted tax credit with an annual cap. This report is therefore not a request for funding, but simply a report on the entities that have contacted Commerce in order to express they are exploring the possibility of filming in the State and therefore potentially qualifying for the tax credit.

THE AMOUNT OF TAX CREDITS NECESSARY TO MAINTAIN THE CURRENT LEVEL OF FILM PRODUCTION ACTIVITY IN THE STATE: \$10 MILLION

Production began March 9, 2020 on the first season of the Showtime series “*The President is Missing*”. Due to the COVID-19 pandemic, production halted and the series went on hiatus on March 14th. Showtime is hoping to resume production in late summer.

The economic impact of “*The President is Missing*” is anticipated to be similar to that of “*House of Cards*” which hired over 2,000 Marylanders per season, purchased or rented goods or services from over 2,000 Maryland businesses per season and had an economic impact of \$118 million per season. Showtime is anticipating a multi-season run of the series.

Per statute, a single production activity is capped at \$10 million. “*The President is Missing*” is expected to qualify for the maximum amount, and therefore \$10 million in tax credits for Season One of “*The President is Missing*” was encumbered using FY 20 funds.

It is anticipated that Season Two of “*The President is Missing*” will also be eligible for the maximum allowance of \$10 million.

THE AMOUNT OF TAX CREDITS NECESSARY TO ATTRACT NEW FILM PRODUCTION ACTIVITY TO THE STATE¹: \$63 MILLION

Film Production Activity A

Type: Television Mini-series

Estimated Budget: \$80M

Estimated Tax Credit: \$10M (maximum amount of credits that one production can receive)

Timeframe: Fall/ Winter 2020

Film Production Activity B

Type: Television Mini Series

Estimated Budget: \$60M

Estimated Tax Credit: \$10M (maximum amount of credits that one production can receive)

Timeframe: Fall/ Winter 2020

Film Production Activity C

Type: Television Mini-Series

Estimated Budget: \$50M

Estimated Tax Credit: \$10M (maximum amount of credits that one production can receive)

Timeframe: Fall / Winter 2020

Film Production Activity D

Type: Television Series

Estimated Budget: \$50 M

Estimated Tax Credit: \$10 M (maximum amount of credits that one production can receive)

Timeframe: Winter 2021

Film Production Activity E

Type: Television Series

Estimated Budget: \$80 M

Estimated Tax Credit: \$10M (maximum amount of credits that one production can receive)

Timeframe: Winter/ Spring 2021

Film Production Activity F

Type: Feature Film

Estimated Budget: \$20M

Estimated Tax Credit: \$5M

Timeframe: Spring 2021

Film Production Activity G

Type: Television Mini -Series

Estimated Budget: \$30M

Estimated Tax Credit: \$8M

Timeframe: Spring 2021

¹ In order to protect confidential business information in the listing of new film prospects, details of production title and production team have been omitted.

In addition to the specific productions above, the Maryland Film Office consistently receives inquiries from major studios and independent producers regarding status of Maryland's incentive programs as they are in the development stage of films and series that would consider Maryland if sufficient incentives were available.

It also must be noted that once cases of COVID-19 decrease and the Film Industry formulates a plan to safely resume production, the number of inquiries will dramatically increase as there will be a large need for content for the multitude of cable and streaming outlets. In speaking with film industry contacts, because of the way that Maryland aggressively confronted and handled the pandemic, Maryland is an attractive location in which to film, assuming that incentives were available.

As noted earlier in the report, the Film Production Activity Tax Credit is capped at a maximum amount of \$12M each fiscal year. Below is the total amount of funding the above listed entities would represent if the program was not capped and each entity did film their production in Maryland.

Tax credits to maintain: \$10 million

Tax credits to attract: \$63 million

Total amount of tax credits necessary: \$73 million